

ASSEMBLY BILL

No. 597

Introduced by Assembly Member Dutton

February 18, 2003

An act to amend and repeal Section 5307.21 of the Labor Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

AB 597, as introduced, Dutton. Workers' compensation: fee schedule.

Existing workers' compensation law generally requires employers to secure payment of workers' compensation, including surgical treatment for injuries incurred by their employees that arise out of or in the course of employment.

Existing law provides for the Division of Workers' Compensation in the Department of Industrial Relations, which is under the direction of an administrative director who has various powers. Existing law grants to the administrative director the sole authority to develop an outpatient surgery facility fee schedule for services not provided under contract.

This bill would make technical, nonsubstantive changes to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 5307.21 of the Labor Code, as amended
- 2 by Section 74 of Chapter 6 of the Statutes of 2002, is repealed:

1 ~~5307.21. (a) The administrative director shall have the sole~~
2 ~~authority to develop an outpatient surgery facility fee schedule for~~
3 ~~services not performed under contract, provided that the schedule~~
4 ~~meets all of the following requirements:~~

5 ~~(1) The schedule shall include all facility charges for outpatient~~
6 ~~surgeries performed in any facility authorized by law to perform~~
7 ~~the surgeries. The schedule may not include the fee of any~~
8 ~~physician and surgeon providing services in connection with the~~
9 ~~surgery.~~

10 ~~(2) The schedule shall promote payment predictability,~~
11 ~~minimize administrative costs, and ensure access to outpatient~~
12 ~~surgery services by insured workers.~~

13 ~~(3) The schedule shall be sufficient to cover each surgical~~
14 ~~procedure, as well as the costs of access to quality care.~~

15 ~~(4) The schedule shall include specific provisions for review~~
16 ~~and revision of related fees no less frequently than biennially.~~

17 ~~(5) The schedule shall be adopted after public hearings~~
18 ~~pursuant to Section 5307.3 and shall be included within the official~~
19 ~~medical fee schedule.~~

20 ~~(b) The process used by the administrative director to develop~~
21 ~~an outpatient surgery fee schedule shall contain the following~~
22 ~~elements:~~

23 ~~(1) A formal analysis of one year of published data collected~~
24 ~~pursuant to Section 128737 of the Health and Safety Code, with~~
25 ~~the assistance of an independent consultant with demonstrated~~
26 ~~expertise in outpatient surgery service.~~

27 ~~(2) Any published data collected from providers of outpatient~~
28 ~~surgery services.~~

29 ~~(3) Payment data including, but not limited to, type of payer~~
30 ~~and amount charged.~~

31 ~~(4) Cost data including, but not limited to, actual expenses for~~
32 ~~labor, supplies, equipment, implants, anesthesia, overhead, and~~
33 ~~administration.~~

34 ~~(5) Outcome data including, but not limited to, expected level~~
35 ~~of rehabilitation, expected coverage timeframe, and incidence of~~
36 ~~infection.~~

37 ~~(6) Access data including, but not limited to, date of injury, date~~
38 ~~of surgery recommendation, and data of procedure.~~

39 ~~(7) Other data that is mutually agreed to by the Office of~~
40 ~~Statewide Health Planning and Development and the~~

~~administrative director. The administrative director shall consult with the Office of Statewide Health Planning and Development to ensure that the data collected is comprehensive and relevant to the development of a fee schedule.~~

~~(e) The outpatient surgery facility fee schedule shall reflect input from workers' compensation insurance carriers, businesses, organized labor, providers of outpatient surgical services, and patients receiving outpatient surgical services.~~

SEC. 2. Section 5307.21 of the Labor Code, as amended by Section 13 of Chapter 866 of the Statutes of 2002, is amended to read:

5307.21. (a) The administrative director shall have the sole authority to develop an outpatient surgery facility fee schedule for services not performed under contract, provided that the schedule meets all of the following requirements:

(1) The schedule shall include all facility charges for outpatient surgeries performed in any facility authorized by law to perform the surgeries. The schedule may not include the fee of any physician and surgeon providing services in connection with the surgery.

(2) The schedule shall promote payment predictability, minimize administrative costs, and ensure access to outpatient surgery services by injured workers.

(3) The schedule shall be sufficient to cover the costs of each surgical procedure, as well as *the costs of* access to quality care.

(4) The schedule shall include specific provisions for review and revision of related fees no less frequently than biennially.

(5) The schedule shall be adopted after public hearings pursuant to Section 5307.3 and shall be included within the official medical fee schedule.

(b) The process used by the administrative director to develop an outpatient surgery fee schedule shall contain the following elements:

(1) A formal analysis of one year of published data collected pursuant to Section 128737 of the Health and Safety Code, with the assistance of an independent consultant with demonstrated expertise in outpatient surgery service.

(2) Any published data collected from providers of outpatient surgery services.

1 (3) Payment data including, but not limited to, type of payer
2 and amount charged.

3 (4) Cost data including, but not limited to, actual expenses for
4 labor, supplies, equipment, implants, anesthesia, overhead, and
5 administration.

6 (5) Outcome data including, but not limited to, expected level
7 of rehabilitation, expected coverage timeframe, and incidence of
8 infection.

9 (6) Access data including, but not limited to, date of injury, date
10 of surgery recommendation, and date of procedure.

11 (7) Other data that is mutually agreed to by the Office of
12 Statewide Health Planning and Development and the
13 administrative director. The administrative director shall consult
14 with the Office of Statewide Health Planning and Development to
15 ensure that the data collected is comprehensive and relevant to the
16 development of a fee schedule.

17 (c) The outpatient surgery facility fee schedule shall reflect
18 input from workers' compensation insurance carriers, businesses,
19 organized labor, providers of outpatient surgical services, and
20 patients receiving outpatient surgical services.

21 (d) At least 90 days prior to commencing the public hearings,
22 *as prescribed by Section 5307.3*, related to an outpatient surgery
23 fee schedule ~~as prescribed by Section 5307.3~~, the administrative
24 director shall provide *to* the Assembly Committee on Insurance
25 and the Senate Committee on Labor and Industrial Relations a
26 comprehensive report on the data analysis required by this section
27 and the administrative director's recommendations for an
28 outpatient surgery fee schedule.